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Mission News:

The new Mongolian Parliament officially convened on 25 August 2008 after a series of tumultuous pre-meetings amongst its members. This was a reassuring development after the contested results of the June 29th Parliamentary election and the day of riots that ensued on July 1st. Parliament has an ambitious agenda to address in the following months, not the least of which is the proposed amendment to the national minerals law.

On August 25th, USAID Mongolia obligated its FY08 funding of \$4.5M through an amendment to the existing GOM-USAID Economic Growth Program Agreement which was first put into effect in 2004. The amendment was signed at the Ministry of Finance by Finance Minister Ch. Ulaan on behalf of the Government of Mongolia, and by US Ambassador Mark Minton and USAID representative Barry Primm on behalf of the United States.

The additional funds will support GOM's efforts to accelerate and deepen its policy liberalization process by developing/implementing a transparent, market-oriented energy regulatory environment that promotes efficient delivery of energy services to consumers; improving commercial practices and make the environment for domestic and foreign private investment more attractive; developing policies for foreign trade facilitation & transit; and strengthening financial intermediation. It will also help the GOM to build consensus on policy issues of national significance, through public education and national dialogue.

During the summer personnel transition period, USAID Mongolia welcomed the arrival of the Embassy's new: Deputy Chief of Mission Nicholas Hill, Political Officer Andrew Covington, Economics Officer Vincent Spera, Public Affairs Officer Marissa Mauer, and Defense Attache David Tatman. USAID Representative Barry Primm was absent from post on Annual Leave for the first three weeks of August. During this period, Mr. Jeffrey Goodson served as the Acting USAID Representative.

Program News:

PROGRAM AREA: PRIVATE SECTOR–LED ECONOMIC GROWTH

Economic Policy Reform and Competitiveness Project (EPRC)

Chemonics

www.eprc-chemonics.biz

Trade Policy Support

Customs and inspections area site layout in Zamiin Uud: News from the Customs Deputy Director is that the tender for these works will not be issued until the new Parliament approves the budget amendments. Thus, it is unlikely that the contract award for these works will occur this year.

Financial Markets Support

Secondary mortgage market: The GOM's Financial Regulatory Commission (FRC), with EPRC assistance, developed interim policies and procedures for the approval of securitization transactions. Following discussion of these policies and procedures with the Mongolian Mortgage Corporation (MIK), the FRC submitted them to their Board for approval.

However, the Board decided to wait for passage of the complete set of mortgage-related laws expected to go to the State Great Hural during the next session. Furthermore, the title registration department refuses to re-register mortgages purchased by MIK without payment of an unreasonable fee which threatens the financial viability of secondary market transactions. This matter is now proceeding through the Mongolian courts.

Glossary of Mortgage Terms: The Project assisted FRC in developing a glossary of mortgage-related concepts and terms. The glossary includes definitions and terms used in the legal and financial communities, and it is designed for those involved in the legal and regulatory aspects of the primary and secondary mortgage markets. The glossary is planned for release in September. The July monthly project newsletter had an article presenting the glossary.

Business Development Support

New tourist circuits for western aimags: On 7 August, following a 19-day field trip to assess the tourism potential of Bayan-Ulgii, Khovd, Zavkhan,Uvs, and Gobi-Altai aimags, an EPRC-sponsored team led a workshop on "Packaging and Marketing Adventure Tourism in Western Mongolia". Representatives of thirteen organizations—including the Ministry of Roads, Transportation and Tourism, tour operators, ger camps, tourism NGOs, international agencies and donor organizations—attended the workshop. The next stage in the development, packaging and promotion of adventure tourism in the

western aimags will be a presentation of selected products at the Japan Association of Travel Agents World Tourism Fair 2008 in Tokyo, and at the World Travel Market 2008 travel trade fair in London.

Tourism Promotion: EPRC continues to assist the Mongolia National Tourism Organization (MNTTO) with development of the Odyssey “Mongolia Guide and Companion” book. In August the first 100 photos contributed by the author and Mongolian photographers were selected and manuscript drafting progresses. The draft manuscript will be sent for MNTTO review in early October. This book will not only be a major promotional tool for Mongolian tourism but also a significant source of revenue for the MNTTO.

Energy Sector Support

Energy sector financial status: The Energy Regulatory Authority (ERA) resolution to increase electricity and heat retail tariffs issued on 30 June 2008 was the subject of two Cabinet meetings. Ultimately the Cabinet accepted the increases with strong support from the Minister of Fuel and Energy. Prior to the tariff increase, the ERA held several information and education sessions with the public concerning the new block tariff system, of which the lowest block is the new lifeline tariff. The ERA maintains that the revised tariff program has general public acceptance.

Competitive electricity market design: The project delivered a draft report entitled “Proposed Competitive Electricity Market Design for Mongolia’s Central Energy System” to the ERA. The project will discuss the report with the ERA and the five largest energy entities in September.

Development of the CHP #5 tender process and documents: The tender was issued via the Mongolian media on 1 August 2008. Proposals are due by 30 October 2008. To date eleven companies have purchased the tender package. They are all from China, Japan, South Korea and Russia.

Consensus Building, Public Education, and National Dialogue Support

Second program of the Open Government “Facts, Figures and Opinion” series under design: The project has finished the initial design and completed the bulk of researching and processing of figures for the second program of this series. The program will focus on recent price increases, and show price increases of selected products, factors affecting the increases, and what can be done to bring inflation under control. Project technical staff have completed most of the data collection, processing, and analysis to explain the underlying factors behind the price increases. Based on these and an outline for the program, a script writer is currently working on a first cut of the second program.

Web access to “Facts, Figures & Opinions” and “Open Talks” TV program series videos: EPRC completed conversion of two TV programs this month. One was a documentary of the first program of the “Open Talks” series—the December 2004 program featuring then Speaker of the House, Mr. Enkhbayar N., and then Prime Minister, Mr. Elbegdorj Ts. The other program was the first of the “Facts, Figures &

Opinions” series, on Ulaanbaatar heating issues. Flash video versions of both are available on the project website in two versions: one for lower bandwidth access (*YouTube* typical resolution), and another for higher bandwidth. Both will be available for downloading.

The EPRC Project has initiated discussions with the Cabinet Secretariat’s *Open Government* website to act as a public access repository of these flash videos and upload them to *YouTube* for wider potential public access. The project has also begun 10-14 minute selections of highlights of each of the Open Talks program series to convert them to flash video and make them available through the *Open Government* and project websites, and negotiate links to these through other Mongolian websites.

Project management

Contract amendment executed to extend the project to June 2011: USAID exercised the option to extend the project for three years, and the contract amendment was finalized on 21 August.

Performance Management Plan: Per the contract, the project is preparing a Performance Management Plan (PMP) for submission to USAID before 18 September 2008. The report will follow and expand upon the document “Performance Monitoring Plan Review,” recently submitted to the Mission.

Gobi Regional Economic Growth Initiative (GI)

Mercy Corps

www.mercycorps.org.mn

Sales

The Gobi Initiative uses sales generated from new business activities outlined in the formal business plans developed by its clients as an indicator of success. Total sales for herder and non-herder businesses in August reached \$331,830, bringing total sales so far for herder businesses in CY2008 to \$998,737 and for non-herder businesses to \$1,152,283. Total sales for CY2008 are now \$2,151,020, on track for the full-year target of \$3.9 million.

Compared with the same period in CY2007, total sales have increased 22% (up from \$1,768,643) and average sales per business is up 20% (to \$6,680 from \$5,562 last year). Total sales generated by business clients under the Gobi Initiative from January 2004 to date is \$11.0 million which compares favorably with USAID funding for the Gobi Initiative cooperative agreement to date, less sub-grant agreements, of \$5.6 million.

Loans

In August, herder and non-herder clients took out two loans from commercial banks with a total value of \$6,061 for which Mercy Corps provided \$2,165 (36%) in additional cash collateral. A total of 181 loans were accessed by Gobi Initiative clients in the first seven months of the year. These loans were worth \$538,247 in total with an average loan size of \$2,947.

Mercy Corps has thus far provided a total of \$209,008 as additional cash collateral through CY2008. This represents 39% collateral guarantee against the average loan—significantly down from the 84% average at the start of the project in June 2004. Since GI began, 732 loans have been disbursed with a total value of \$1.98 million. The repayment rate to date stands at 96%.

Client Monitoring

In August Gobi Initiative staff based in the aimags and Ulaanbaatar conducted monitoring trips to six aimags. In total, 147 clients (45% of all clients) were visited during these trips. This is the second wave of monitoring trips—the first being in March. The main goal of these monitoring trips is to verify the extent to which Gobi Initiative clients are implementing their business plans and have received all technical assistance and production inputs, and to discuss any obstacles or other challenges that clients face and to help them address those problems.

BDS Providers

Mercy Corps organized a capacity building training for aimag-based Business Development Service (BDS) providers in Ulaanbaatar. Fifty-five participants attended the training event including eight managers from BDS providers cooperating with the project. The training covered topics including BDS management, marketing, strategic planning, gender issues and productivity.

During the training a new procedure for transferring more Loan Guarantee Mechanism (LGM) responsibilities to local BDS providers was introduced to participants. Some organizations were interested in continuing to work with the LGM program because it helps them strengthen their capacity and has become well known and popular among local businesses. Interested BDS providers are now negotiating with Mercy Corps and will enter into agreements from September 1 that will enable them to deliver loan guarantee services locally with assistance and oversight from Mercy Corps aimag offices.

Quarantine Implementation and Compliance Campaign

Mercy Corps organized a press conference to launch its "Implementation and Compliance with Quarantine Regimes" campaign at Mongol News on August 20. The press conference was attended by Mercy Corps Country Director Dominic Graham, the National Emergency Management Agency's (NEMA) Disaster Response Department Colonel Ch. Batchuluun, Mercy Corps program officer Oyunbileg and consultant Bayasgalan. Information on the campaign was shared with the representatives of more than 10 media organizations and the event was televised on national news the same day.

The campaign aims to raise awareness and disseminate information on implementation and observation of quarantine regulations to a wide range of people through print and broadcast media across the 11 aimags where Mercy Corps operates the Gobi Initiative and USDA-funded RASP program and to 1,200 specialists from six professional organisations. It is expected that the campaign message will reach almost all related professional organisations, 70% of specialists and 40% of the general public in those aimags.

Rural Business News (RBN) Magazine

Media for Business (MFB) and Mongolian National Public Radio have signed an agreement securing free broadcast rights for 30-minute RBN radio programs every Wednesday at 0730 hours. The program is repeated in the evening at 2140 hours. The contract is effective for one year. The European Union-funded Animal Health and Livestock Marketing Project is now concluding a service agreement to work with MFB to continue the Market Information System first developed with USAID funding. Under the agreement, the EU project will fund collection and dissemination of market price information in six aimags, including Ulaanbaatar.

Future events

In September, six aimag market day events will be organized. The main goal of the events is to help local businesses to expand their client base, establish market linkages, and increase their sales income.

Growing Entrepreneurs Rapidly (GER) Initiative

CHF International

www.chfmongolia.org

In August, the GER Initiative helped to improve or expand 81 businesses, created 15 start-up businesses, and generated a total of 97 new jobs. The GER Initiative matched 70 ger area residents to jobs this month.

Financial Services

GER facilitated 44 loans valued at \$48,734 with local partner banks, and one USDA-funded Capital Augmentation Fund (CAF) loan valued at \$2,602 was disbursed through a local partner bank. On August 14th, GER and XacBank in Selenge Aimag held a meeting for clients interested in financing to start their small businesses. XacBank officials explained to the participants that XacBank can offer loans with preferential terms including no collateral for loans under \$868 (1,000,000 MNT), and 75% collateral for loans over \$868. Eight of the 28 participants were eligible for consideration and GER has started to assist the clients in applying for loans with XacBank.

Training and Consulting Services

GER conducted 40 trainings with 35 clients participating, and 86 consultations were provided to 68 clients. GER organized training in Choibalsan on insect control for vegetable farming based on a survey of challenges faced by local vegetable growers. A teacher from the Technology College in Choibalsan delivered field training at the college's greenhouse and taught the clients simple, biological methods for fighting insect infestation. Sixteen GER clients participated in the training.

As harvest season is approaching, GER clients are interested in properly storing their harvested crops for long periods. In Zuunmod, GER provided vegetable preserving training for three clients. This year the clients grew vegetables in a small field in order to

gain experience. Next year the clients are planning to enlarge their field and expand their vegetable preserving business.

At the request of the World Vision (WV) in Bulgan, GER provided vegetable preserving and storage training for WV's clients. A total of 25 clients from Bulgan and nearby soums attended the training. The trainees learned how to preserve common vegetables, such as cucumbers, tomatoes, carrots and garlic, how to make kimchi, how to build storage facilities, and storing requirements for different vegetables.

In June, GER provided consulting services to Darkhan-Uul aimag's Council for the People with Disabilities (CPD) to prepare a business plan and financial calculation for a proposed Rehabilitation Therapy Room for their members. This month, CPD received financing from the Norwegian Lutheran Mission (NLM) and the Darkhan Red Cross Society. NLM supplied CPD's Rehabilitating Therapy room which they rent from a local school with the necessary equipment, valued at \$3,035, and the Red Cross donated \$260 to use for mobile therapy services for disabled and retired residents.

Information Services

GER provided 368 information services to 191 clients during the month of August. In Erdenet, GER has been collaborating with the local television channel "TV-10" for a half year on its TV show "The Taste of Life," which motivates local residents to improve their lives on their own. Over 10 GER clients participated in the show, talking about and demonstrating their businesses. This month GER started a similar project with another local TV station named "Lkha." In the August show two Bulgan GER clients participated—Tsetsegdelger, a lumber trader and vegetable grower, and Delgertsetseg, a vegetable grower. Both clients talked about their businesses and Delgertsetseg taught the audience how to make pumpkin jam and pickles.

Employment Services

GER matched 70 clients to jobs and 11 clients graduated from vocational trainings at partner training centers in August. Two employment trainings were also provided to two clients. A total of 72 jobs were generated by GER in August. On August 13th GER held a Labor Day in Tolgoit in UB. Over 60 clients came to the branch office and received employment information. By the end of the month, six clients were employed by local employers – mostly in the construction sector.

Linkages and Trade Fairs

GER facilitated linkages between businesses worth approximately \$30,933 this month. New linkage relationships were established with IMC Mongolia LLC – mining, geology and consultancy; Birga Tour – tourism company; KMGM LLC – geology; and Claude Merchez –import partner from France.

GER met with the Darkhan aimag's Chamber of Commerce to prepare for the "Darkhan Partnership" Trade Fair which will be organized on September 5th – 6th by the Darkhan Chamber of Commerce and Government Office of Darkhan-Uul aimag. GER was able to negotiate a lower participation fee for GER clients. The trade fair is held annually and

includes companies of the Darkhan Chamber of Commerce, as well as large businesses and SMEs from UB and Erdenet. It is an important opportunity for GER clients to present their products and to establish new business relationships.

On August 25th GER organized a Business Linkage Day event in Choibalsan to introduce souvenir, dairy and vegetable products from GER clients to the largest local supermarkets, restaurants, and government organizations. The event was also an opportunity for clients to hear from foreign volunteers who live in Choibalsan and solicit their ideas for product and sales presentation improvements. Eleven GER clients participated and earned \$184 from sales and received orders for \$21. The Khishig supermarket agreed to sell felt crafts produced by GER clients. The Olikhon supermarket will also now sell the vegetable and dairy products of GER clients.

Business Groups Development

GER worked with 96 active groups this month. No new groups were formed and two groups in Darkhan disbanded. In Ulgii, GER provided New Business Group training for three potential clients interested in working as a tailoring business group. The training illustrated the advantages of working together as well as the responsibilities and duties of members when working as a group. The participants were satisfied with the training and are now seeking further trainings and consultancies to strengthen their group.

On August 1st a solar eclipse passed through western Mongolia and brought a number of tourists to Ulgii. The “Ata Mura” business group used the opportunity to promote and sell their traditional Kazakh embroidery to the visiting tourists. In Erdenet, two informal business groups received technical advice on forming and registering as a formal business entity from GER. As a result, the Gazriin Uguuj agriculture business group was registered as a Cooperative, and documentation is pending for the other group called Erchim.

Transition of GER Initiative

The GER Initiative has been extended for up to six months beginning October 2008. As part of this extension CHF International will partner with a local NGO to take over the technical and financial services currently provided by CHF staff to GER clients. GER’s partner local banks and business linkage companies have been longstanding supporters of the GER activities. CHF consequently approached these organizations, and in August representatives from Khan Bank, XacBank, Centerra Gold, Eurofeu, and the Education Channel formally agreed to establish and lead the Mongolian NGO, “Development Solutions” (DS).

In September, CHF will finalize an agreement with DS under its USAID and USDA programs and, with final approval, begin joint activities in FY2009. During this time, most CHF local staff involved in the GER Initiative will be hired by DS. CHF will retain a core technical and administrative unit to oversee and support the activities of DS. The same NGO will continue to provide business development technical services under CHF’s USDA-funded program, scheduled to launch in 2009. DS will be funded in part through service fees collected from client businesses and will work to structure its core

operations so that it can continue to assist client businesses beyond the USAID and USDA program timeline.

PROGRAM AREA: MORE EFFECTIVE AND ACCOUNTABLE GOVERNANCE

The Judicial Reform Project (JRP) ***National Center for State Courts (NCSC)***

www.ncsc.com

During the month of August, activities of the Judicial Reform Project (JRP) continued on a slightly reduced pace due to the summer vacation schedules of many counterparts. However, work continued with special attention given to ensuring that all scheduled activities are completed in a timely manner before the end of the Cooperative Agreement, and that the progress that has been made to date will be sustained in the years ahead.

The JRP staff worked diligently to provide a large volume of written materials to the evaluation team from the Information Monitoring and Research Dept. (IMRD) of the Ministry of Justice & Home Affairs. The document-gathering phase of the evaluation is now complete, and the evaluation team is presumably drafting their report. The head of the IMRD has assured USAID that a draft will be shared with JRP and USAID, and that JRP counterparts will be interviewed as part of the evaluation.

Courts

JRP continues to oversee the software upgrade for the “Judge2005” automated case tracking system. These upgrades will harmonize the existing system with newly adopted regulations on statistics and reporting. They will also permit the courts to move from a case tracking application to a more functional management information system. The work is being carried out under contract, with the JRP Information Technology staff checking the source code and reviewing functionality. In August, a local consultant was added to the JRP team in order to strengthen the coordination among IT developers, local IT staff members, and the leadership of the Courts.

The Chief Justice and the Director of the General Council of Courts (GCC) both consider the software upgrades to be among their highest priorities. Having adopted case management and trial court performance standards with the assistance of JRP, they are particularly interested in having the software tools that will permit them to manage the courts based on their new standards. This is an important step in the evolution and growth of the institution, and bodes well for the sustainability of the work done by JRP and USAID over the past eight years.

General Prosecutor’s Office (GPO)

The Judicial Reform Project continues to support the General Prosecutor’s Office in developing its technical infrastructure. In August, JRP provided software assistance to

ensure the security and integrity of workstations and servers, as almost all offices are now networked and connected to the internet.

Work progressed with the upgrades to “Prosecutor2003”, the case management software previously developed and updated by JRP. The current upgrade involves both updates to the case management software, and moving it to a web-based platform which will better serve the needs of the GPO throughout Mongolia. The JRP team was strengthened with the addition in August of a local consultant responsible for ensuring close coordination among IT developers, local IT staff, policy makers and the leadership of the General Prosecutor’s Office. This consultant also has the same role with respect to parallel work going on in the GCC.

On August 12, the COP met with Deputy Prosecutor General, the Head of the Policy Planning and Foreign Relations Office, and two IT staff members of GPO to discuss a draft MoU regarding the scope and nature of requested software upgrades as well as JRP responsibilities for assistance.

Legal Clinic

JRP continues to support Otgontenger University as a model law school providing high quality practical legal education. The pioneering Legal Clinic, developed with JRP support, has generated considerable interest in other law schools. Responding to this interest, a three-day training program was planned for professors of other law schools in late August. In preparation for this training, JRP provided funding for the publication of four books: “Compilation of The Internal Rules and Procedures of The Legal Clinic”; “Structure and Management of the Legal Clinic”; and two training programs for professors and students. This training was rescheduled for early September to accommodate the schedules of students and faculty who will be returning to their respective institutions at that time.

The prospects for sustained expansion of the legal clinic concept appear bright. Both the Minister of Justice and the Minister of Education have called for the inclusion of practical legal education in the curricula of law schools. The National Center for Standardization and Metrology passed a resolution in October of 2007 calling for legal clinics in all law schools, citing the benefits of practical legal experience. Law school faculties are eager to learn from the experience of Otgontenger University.

The development of practical legal education in Mongolia has been an example of how a small amount of USAID funding can have a profound and lasting effect on legal education, and thus the future leadership of a country. Beginning with an experimental pilot program in a single law school, the benefits to both students and citizens were demonstrated; the concept was endorsed by GOM and legal education leaders; and other law schools are beginning to incorporate the innovation into their own curricula.

Training

Distance Learning: JRP’s IT staff and COP continue to review “e-learning” options for Mongolia. As noted in previous reports, web-based training appears to be ideal for a

country as large as Mongolia, and could potentially facilitate the adoption of mandatory Continuing Legal Education (CLE) for legal professionals, as well as the ongoing training requirements for judges, prosecutors, advocates, managers and others. Evaluation of public domain and open source e-learning packages continued in August, with planned implementation of a demonstration in September. JRP continues to assess the capability of the National Legal Center to utilize this technology and develop content suitable for delivery over the internet, using one of the public domain e-learning packages.

Video Conferencing: Compatible with but different from distance learning is video conferencing – one of the infrastructure upgrades contemplated in JRP’s annual workplan. JRP has requested price quotes from three vendors to install video conferencing technology between UB and 5 Aimag Courts. During August, JRP received from the General Council of Courts a preliminary list of seven Aimags that could be linked on a pilot basis using the existing fiber optic network. Currently, JRP is meeting with Mobicom as well as equipment vendors to assess various pricing arrangements to establish and maintain a video conferencing system. It will be important for the GCC to have accurate estimates of the cost of maintenance before proceeding with procurement and installation.

Public Education

Television and Radio Productions: As noted in the June report, Mongolian National Radio began production of a radio drama series utilizing recurring characters to dramatize crimes and explain provisions of the criminal code to the public. At the end of each radio drama, an experienced lawyer explains the court decision. This series of programs is scheduled to air beginning September 10, 2008 and will be broadcast nationwide on three channels of the Mongolian National Radio. In August, JRP staff reviewed scripts and recommended certain changes. The new series, modeled after the highly successful “Do Not Violate” programs, seeks to increase public understanding of the workings of the justice system.

Posters and Brochures: The Judicial Reform Project recently completed the sixth educational poster specified in the 2008 workplan. The topic of the poster is the Copy Right Law or How to Protect the Author’s Rights. Protection of intellectual property has become an urgent problem in Mongolia, and the poster is designed to enhance public awareness on the Copy Right Law, contribute to the protection of intellectual property, and establish a culture of respecting copyrights. In the last week of August, JRP staff made arrangements to distribute this poster through artists’ and composers’ unions.

The Mongolian Electoral and Parliamentary Support Project (MEPS) ***International Republican Institute (IRI)*** www.iri.org

Asia Pacific Democracy Partnership (APDP) Election Observation Mission’s report
IRI is drafting the comprehensive Election Observation Mission (EOM) report which will include a detailed analysis of the delegations’ observations and recommendations for

future elections. IRI Mongolia staff has been and will continue to provide input into this report.

USAID approved a No-Cost Extension of IRI's USAID grant to allow the office and program to remain open through October 31, primarily to allow for additional time to properly reconcile expenses of the APDP EOM project and finalize the APDP's official election observation report.

The Mongolia Anti-Corruption Support Project (MACS)

The Asia Foundation (TAF)

www.asiafound.org

IAAC Institution-building

Mr. Sangaragchaa, IAAC Commissioner General, has been in office for eight months. In that period, he has strengthened internal controls, and has enforced compliance with internal procedures. He has promoted some staff and terminated others. The Commissioner General established a Research and Analysis Unit headed by Mr. Batzorig. The mandate of this unit is to conduct surveys that are required under the Anti-Corruption Law, including compiling an integrity index of government organizations, a corruption index that measures the scope, forms and causes of corruption, and reporting against target 24 of Millennium Development Goal (MDG) #9.

The IAAC continues to review the asset and income disclosure forms of mid-level civil servants, and is taking legal action against the officers and others who made intentionally false disclosures. In August, the IAAC identified eight cases of false disclosure involving officials from the Ministry of Foreign Affairs, the Ministry of Environment, and the Ministry of Fuel & Energy. The IAAC sent letters to the respective Ministers and State Secretaries. To date the IAAC has successfully removed several officials from office.

Mr. Kwok will visit Mongolia from the 7th-13th September. He will conduct workshops to strengthen the IAAC's capacity to prepare cases for prosecution. The workshops will include both IAAC and GPO officials, and will build upon the foundation of earlier workshops convened for this same group in June. In addition, he will meet with Supreme Court Chief Justice Batdelger to discuss the future partnership in building the capacity of judges in adjudicating corruption-related cases.

Public awareness and education

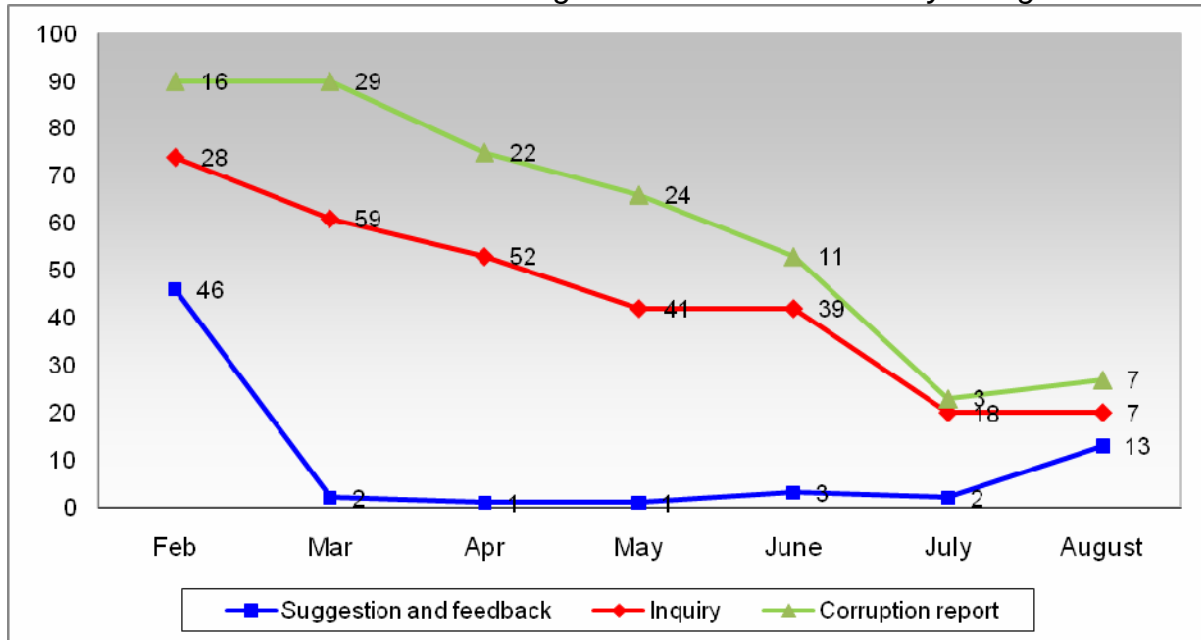
TAF and the IAAC are working to launch the fourth phase of the multimedia campaign that delivers a new message of "*We can stop corruption; Report corruption -1969. I choose to live in a corruption free society.*" TAF's communications team met with the IAAC over the course of August, and finalized the design and campaign themes. The campaign will consist of two TV and radio public service announcements. Print materials, which will include billboards, street advertisements and posters, and newspaper advertisements.

Since the launch of the anti-corruption hotline in Nov. 2007, the Corruption Reporting Center has received 2,023 calls of which 129 were corruption reports. In the past month

the Reporting Center received 106 calls, up from 69 calls in July. The IAAC is currently investigating 34 corruption cases, 51 cases at the prosecutors' office, and 8 cases are waiting to be heard at the courts. To date, 16 cases have been adjudicated by the courts.

Reports to the 1969 hotline

Rolling six months from February – August 2008



Benchmarking Survey

TAF will commence data collection for the sixth of its semi-annual Corruption benchmarking surveys in September. Results will be presented in October.

Donor Coordination

TAF continues to work with the World Bank to enlist and coordinate support for the IAAC. In this regard, TAF initiated a donor coordination meeting at the World Bank with participation of the UNDP and ADB on August 28. The WB is considering supporting the IAAC to develop a long-term (3-5 year) strategic plan. The UNDP is planning to provide technical assistance to the IAAC in reporting UNCAC compliance, and will provide case management training for investigators. The UNDP will also assist the Ministry of Health and the State Specialized Inspection Agency to implement anti-corruption action plans. The ADB is considering future support, which may include anti-corruption action plan implementation at the Ministry of Education, Culture and Science; the Ministry of Roads, Transport and Tourism; and the Municipality of Ulaanbaatar.

The World Bank will continue to provide support for public awareness and public education under the Governance Assistance Project, and for the anti-corruption action plan implementation for the Mineral Resources and Petroleum Authority under the proposed new mining sector project. The WB mission is working to raise additional trust funds, but none are available at present.

CENTRALLY (USAID/W) OR REGIONALLY (USAID/RDMA) FUNDED PROJECTS

Eastern Steppe Living Landscape Project - Sustaining Wildlife and Traditional Livelihoods in the Arid Grasslands of Mongolia *Wildlife Conservation Society*

www.wcs.org

Living Landscapes Program (LLP)

Eastern Steppe Conservation: The Eastern Steppe is recognized as the largest, most intact grassland in the world with a wide range of unique species and special features including the Mongolian gazelle and the wetlands that form the upper watershed of the Amur River. On August 26, 2008, the Mongolia program offices of The Wildlife Conservation Society (WCS), The Nature Conservancy (TNC) and The World Wide Fund for Nature (WWF), signed a memorandum of understanding, entering the parties into a conservation collaboration agreement to establish a long-term biodiversity conservation plan for Mongolia's Eastern Steppe, known as *Zuun Bus*, consisting of the three aimags, Khentii, Dornod and Suhkbaatar.

The memorandum was signed by country directors Enkhtuya Oidov of TNC, Chimed-Ochir Bazarsad of WWF, and Amanda Fine of WCS. The memorandum outlined TNC, WCS, and WWF's desire to work together to present a coordinated program of work that establishes geographic priorities, maximizes conservation impact, and reduces the duplication of efforts among partners and donors by collaborating on project planning, formulation and implementation.

Eastern Steppe Community-based Conservation: In August WCS/USAID Living Landscapes staff, Mr. Baterdene from the Eastern Mongolian Community Conservation Association and a masters student from the National University of Mongolia completed a 30-day field trip to visit 14 herder communities. The team delivered a total of 11 mini workshops (6 in July, 5 in August) to assess community perspectives on the wildlife populations in their areas, map habitats, discuss natural resource use monitoring and begin drafting action plans for their community managed natural resource use areas.

Activities with the communities also included community area boundary demarcation (GPS coordinates) and introducing wildlife monitoring methods to volunteer rangers. Booklets containing data sheets for natural resource use monitoring, wildlife monitoring and wildlife/natural resource impacts/violations reporting were distributed to volunteer rangers and active community members. Information collected during these workshops is being compiled and will be summarized for each community and delivered back to them for use in community natural resource and wildlife management activities.

Mongolian Gazelle: Research on understanding the habitat use and movement ecology of Mongolian gazelles will continue with a 3 year grant awarded by the National Science Foundation (Titled- Resource Predictability and Movement Strategies in Ungulates: Does

Temporal Uncertainty lead to Nomadism?) awarded to the University of Maryland (DEB-0743385) and the University of Massachusetts (DEB-0743557) with collaborative support from the Smithsonian Institution's Conservation and Research Center, WCS and the Mongolian Academy of Sciences, Institute of Biology.

Previous results have shown that Mongolian gazelle's movement patterns are not migratory, as originally believed, but have adopted a nomadic movement strategy to cope with the high spatiotemporal unpredictability in grassland quality. Mongolian gazelles move over vast regions ($>25,000 \text{ km}^2/\text{year}$) and do not use the same seasonal ranges from year to year. This presents a complex challenge as traditional habitat conservation measures for ungulates, such as the creation of nature reserves based around seasonal migration patterns, only provides partial protection.

Wildlife Trade Law Enforcement: On August 20th an introductory workshop for the project "Protecting Mongolia's Wildlife through Wildlife Trade Law Enforcement" was held with partners from the State Specialized Inspection Agency, Municipal Inspection Agency, National Police and NGO representatives including WWF-Mongolia, the Mongolian Game & Hunting Society and the Animal Rights Conservation Fund. In the first year the project is designed to tackle illegal wildlife trade in Ulaanbaatar markets and collection points around the city by improving the quality and frequency of enforcement activities and coordination among enforcement agencies. The project is funded by the World Bank's Netherlands-Mongolia Trust Fund for Environmental Reform (NEMO II) Program and is implemented in cooperation with the Mongolian Ministry of Nature and Environment (MNE).

WCS Field Veterinary Program

Avian Influenza: In August there were two reports of bird die-offs in central Mongolia. The WCS team discovered 3 dead whooper swans and one Mongolian gull on Erhel Lake of Hovsgol Aimag and local herders reported 6 dead whooper swans on Ugii Lake of Arkhangai Aimag to the Mongolian authorities. Samples from birds from both die-off sites were submitted to the State Central Veterinary Laboratory for testing. Confirmatory testing using PCR was negative for the H5, H7 and H9 neuraminidases, indicating that the samples showed no evidence of highly pathogenic avian influenza virus.

The WCS Avian Influenza team has been actively capturing and sampling birds for avian influenza surveillance across Hovsgol, Bulgan and Arkhangai. To date WCS has received bird marking permits for 1,044 birds from the MNE. As of August, the team has been able to fit 965 birds with identifying marks including individually numbered metal leg bands, colored leg flags (to shorebirds) and colored neck collars (to swans and geese). With surveillance activities planned to continue into the middle of September, WCS has submitted an additional request for 500 permits continue marking birds captured for influenza sampling.

Up-Coming Events:

- A wildlife law enforcement training and assessment will be held September 2-10 in Nomrog Strictly Protected Area in Dornod Aimag.

- A Community Volunteer Ranger Capstone Training will be held in Shazaan Nuur Eco-camp, Dornod Aimag, September 12-14.
- Basic veterinary pathology training will be delivered by WCS in conjunction with the annual meeting of all aimag veterinarians at the State Central Veterinary Laboratory (SCVL) in Ulaanbaatar on September 26th.

The Training, Advocacy and Networking Project (TAN)

Mercy Corps

www.mercycorps.org.mn

Partnership with the Mongol Rally to Continue Beyond the Completion of TAN

Although the TAN Project will reach its conclusion at the end of September 2008, Mercy Corps will continue much of the same community development work through local civil society organizations (CSOs) thanks to funding from the Mongol Rally, the London to Ulaanbaatar adventure that raises money for charitable activities in Mongolia each year. The Mongol Rally project has been supplying matching funds for the TAN project since late in 2006, when it raised \$48,000 for community projects implemented by TAN CSOs. As the vehicles have been rolling into Ulaanbaatar this August, it has become clear that this is an event that will continue to grow. While total figures have not yet been determined, the 2008 event stands to raise over \$300,000 for further community development work. This work will be implemented by current TAN CSOs in the current TAN aimags, while at the same time Mercy Corps will seek out opportunities to use these funds to develop CSOs along the TAN model in other aimags.

Information and Education Center CSO Receives Grant from Local Government

In August the local Arkhangai CSO, the *Information and Education Center* (IEC) reached an agreement with the Aimag Department of Social Welfare and Labor to carry out vocational training among 40 unemployed people from baghs number two and four in Tsetserleg city. The trainees will also participate in an accompanying series of business trainings. The project is valued at \$4700, which will cover six months of training. The vocational training program will cover felt making and dairy production. IEC will use trainers from their own organization and outside trainers where necessary. Both IEC staff and representatives of the Department of Social Welfare and Labor participated in TAN-sponsored training previously detailing the procedures involved in outsourcing social services to local CSOs.

Training on Mining Law in Arkhangai

The local CSO community of Arkhangai, local government officials, and environmental groups participated in a training seminar in Tsetserleg designed to educate participants in relevant laws governing mining activity and land use. The training was designed to clarify the specifics of the relevant laws, and be certain that all stakeholders understand them the same way. The training itself was developed by *The Asia Foundation (TAF)*, and carried out by TAF trainers who have carried out this training in numerous aimags across Mongolia. Locally, the event was organized by the TAN CSO network, which continues to develop as valuable community resource.

Water System Nears Completion in Erdenedalai Soum, Dundgobi Aimag

In a 2007 community assessment, residents of Erdenedalai Soum identified drinking water as a priority concern. In particular, the 1,320 people of bagh number seven of Erdenedalai were in a very difficult situation, as the well that served their community was in an especially poor state of repair and could not meet the community's demands. A survey conducted in the community found that obtaining water took residents at least an hour, and often as much as three hours, and even then they typically could not get as much water as their families needed.

As a result, the *Bayantsagaan Herders' Association* developed a project to renovate the well, while also initiating a much-needed water hygiene awareness-raising campaign in the bagh. The water system is now nearing completion, and over 200 community members have received hygiene training. The total cost of the project was \$10,766, with \$8,115 of that coming from the TAN project, another \$1,110 coming from local government, and other local sources contributing \$1,537.

Improved Irrigation and Storage in Arkhangai

This August saw the completion of the two main components of the "Irrigated Plot - Guaranteed Harvest" project being implemented outside of Tsetserleg city in Arkhangai by the local CSO *Trade Union*. The project successfully dug a borehole that is already being used for irrigation, and renovated an old cellar that will be used for storing vegetables as the weather gets colder. The project will improve the income of the 35 households and increase the supply of locally grown fresh vegetables to the markets in Tsetserleg.

Communication Skills Training for Police Officers

In Dundgobi Aimag the local CSO network is working to improve communication between police and residents. As part of this effort they organized a training in communication skills for 20 local police officers. The training was carried out by CSO network members, and designed to instill in them an understanding that many of the confrontational situations that arise between residents and the police can be mitigated by utilizing proper, measured communication techniques.

Innovating, Measuring and Promoting Poverty Alleviation by Cooperatives in Transition Societies (IMPPACTS)

CHF International

www.chfmongolia.org

Workshop

IMPPACTS participated in the "Young Cooperators" workshop held in Sukhbaatar aimag on August 6th – 9th. Over 60 participants from Ulaanbaatar and Hentii, Tuv and Huvsgul aimags took part in the event. The workshop discussed the current proposed amendments to the Cooperative law, introduce the National Association of United Cooperatives (NUAC) and provide training for young cooperative leaders.

Meeting with NAUC President

IMPPACTS, GER and the Production Service Cooperative Union (PSCU) met with Mr. Enkhbold N., Member of Parliament and President of the National Association of United Cooperatives (NAUC). Mr. Enkhbold was supportive of the work of IMPPACTS to date and discussed further opportunities for IMPPACTS to collaborate with NAUC on cooperative development.

Value Chain Activities

IMPPACTS began working with Mr. Brent Ross, a PhD candidate from Michigan State University, on a case study on the impact of group formation on value chain improvement in the Mongolian pork sector. In Darkhan they visited six veterinarians to better understand the current veterinary services available to the pig farmers and their future needs and activities. During Mr. Ross' visit, training on "collaboration opportunities" was delivered to 17 pig farming clients in Erdenet and Darkhan. Mr. Ross has returned to the US to compile and analyze the data collected from his survey.

Work continues on editing and revising the final draft of the "Pig Feed Technology" manual. The manual has been produced in partnership with the Mongolian Pig Farmers Association and provides advice on properly preparing low-cost feed from locally available ingredients. The manual is expected to be completed next month.

Avian Influenza (HPAI)

UN Food and Agriculture Organization (FAO)

Wild Bird Surveillance Program

The wild bird surveillance program continues in the 12 project aimags, with all aimags either having recently completed, currently undertaking, or about to undertake, the second round of lake surveys. The project is establishing a system to process the reports from the aimags to allow for good data management and conversion to useful information for a range of stakeholders on avian influenza as well as ornithology.

Two reports of bird deaths have been investigated, one from Erhel nuur in Khuvsgul and one in Ugii nuur in Arkhangai (see above under WCS). Only a small number of birds were found dead, and laboratory results showed that H5N1 was not present. A third reported die-off in birds in Uverkhangai aimag is currently being investigated by government staff. These events indicate that the government surveillance, response and diagnostic system is operating effectively, and that there is good cooperation between the government and WCS, which reported the outbreak at Erhel nuur and provided samples to the government lab for analysis.

The project continues to strengthen laboratory capacity through the supply of reagents. These will be used to analyze samples taken by the recent joint FAO-USGS- US Department of Interior mission on wild birds. The mission captured wild birds (bar-headed geese in Arkhangai aimag, and swan geese in Dornod aimag), collected swab samples for AI testing and blood samples, and attached GPS satellite transmitters. More

details on this project can be found at

<http://www.werc.usgs.gov/sattrack/mongoliaindex.html>

Biosecurity on Poultry Farms

The project is currently conducting a poultry supply chain study. The study is characterizing the poultry industry in Mongolia and identifying the stakeholders in input supply, production, processing, wholesaling and retailing, as well as regulation. The study is also assisting in evaluating the current government vaccination program, and in assessing disease risk in the supply chain.

World Bank Avian and Human Influenza Project

The International Technical Adviser (ITA) continues to support Government efforts to begin implementation of this project. Current project activities are being tailored to allow a smooth transition from the USAID-funded project to the World Bank project.